

Prepared by/Return to:
Sparkman-Zummach, P.C.
Attorneys at Law
Post Office Box 266
Southaven, MS 38671-0266
662-349-6900

STATE MS.-DE SOTO CO.
FILED

MAR 13 3 03 PM '01

LEASE AGREEMENT WITH OPTION TO PURCHASE

BY THIS AGREEMENT made and entered into on the 21 day of February, 2001, between John H. Graves and wife, Rosa N. Graves (hereinafter referred to as Lessor) and Anthony L. Smith and wife, Theresa G. Smith (hereinafter referred to as Lessee), Lessor leases to Lessee the premises situated at 8450 Deer Creek Drive, in the City of Olive Branch, County of DeSoto, State of Mississippi, and more particularly described as follows:

Lot 170, Part IX, Summerwood Subdivision, in Section 22, Township 1 South, Range 7 West, DeSoto County, Mississippi as shown on plat of record in Plat Book 24, Pages 5-8 in the office of the Chancery Clerk of DeSoto County, Mississippi.

for a term of **TWENTY FOUR (24) MONTHS** to commence on the 1st day of March, 2001, and to end on the 28th day of February, 2003.

SECTION I

Lessee agrees to pay, without demand, to Lessor as rent for the demised premises the sum of **One Thousand Five Hundred Fifty Seven Dollars and 51/100ths (\$1,557.51)** per month in advance on the first day of each calendar month beginning on the first day this lease agreement is in effect. Payment shall be made to the Lessor at such place as Lessor may designate, and Lessor designates that payment shall be made to Lessor at 1636 Crawford. Payment is late if not received by Lessor by the fifth (5th) of each month. A five percent (5%), of the total rental amount past due, late charge is due if payment is not received by Lessor by the fifth day of each month. Notice of nonpayment of rent is specifically waived. In the event that more than one Lessee shall execute this lease, then all the Lessees executing this Lease shall be jointly and severally liable for all the terms and conditions of this lease including but not limited to payment of rent.

SECTION II

On execution of this Lease, Lessee deposits with Lessor **\$0.00**, receipt of which is acknowledged by Lessor, as security for the faithful performance by Lessee of the terms hereof, to be returned to Lessee, without interest, on the full and faithful performance by him of the provisions hereof. Lessee agrees to be jointly and severally responsible for and liable under each of the provisions of this lease.

SECTION III

Lessor covenants that on paying the rent and performing the covenants herein contained, Lessee shall peacefully and quietly have, hold, and enjoy the demised premises for the agreed term.

SECTION IV

The demised premises shall be used and occupied by Lessee exclusively as a private single family residence, and neither the premises nor any part thereof shall be used at any time during the term of this Lease by Lessee for the purpose of carrying on any business, profession, or trade of any kind, or as the location for any meetings, or for any purpose, other than as a private single family residence. Lessee shall comply with all the sanitary laws, ordinances, rules, and orders of appropriate governmental authorities affecting the cleanliness, occupancy, and preservation of the demised premises, and the sidewalks connected thereto, during the term of this Lease.

SECTION V

Lessee stipulates that he has examined the demised premises, including the grounds and all buildings and improvements, and that they are, at the time of this Lease in good order, repair, and a safe, clean and tenantable condition.

SECTION VI

Without the prior written consent of Lessor, Lessee shall not assign this Lease or sublet or grant any concession or license to use the premises or any part thereof. A consent by Lessor to one assignment, subletting, conceding, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession, or license. An assignment, subletting, conceding, or license without the prior written consent of Lessor, or an assignment or subletting by operation of law, shall be void and shall, at Lessor's option, terminate this Lease.

SECTION VII

Lessee shall make no alterations to the buildings on the demised premises (including painting or wallpapering) or construct any building or make other improvements on the demised premises without the prior written consent of Lessor. All alterations, changes, and improvements built, constructed, or placed on the demised premises by Lessee, with the exception of fixtures removable without damage to the premises and movable personal property, shall, unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the demised premises at the expiration or sooner termination of this Lease.

SECTION VIII

If the demised premises or any part thereof, shall be partially damaged by fire or other casualty not due to Lessee's negligence or willful act or that of his employee, family, agent, or visitor, the premises shall be promptly repaired by Lessor and there shall be an abatement of rent corresponding with the time during which, and the extent to which, the leased premises may have been untenable; but, if the leased premises should be damaged other than by Lessee's negligence or willful act or that of his employee, family, agent or visitor to the extent that Lessor shall decide not to rebuild or repair, the terms of this Lease shall end and the rent shall be pro-rated up to the time of the damage, and the lease terminated.

SECTION IX

Lessee shall not keep or have on the lease premises any article or thing of a dangerous, inflammable, or explosive character that might unreasonably increase the danger of fire on the leased premises or that might be considered hazardous or extra-hazardous by any responsible insurance company.

SECTION X

Lessee is responsible for obtaining and maintaining (paying for) all utility service including service fees and sewage fees.

SECTION XI

Lessee will, at his sole expense keep and maintain the leased premises and appurtenances in good and sanitary condition and repair during the term of this Lease and any renewal thereof. In particular, Lessee shall keep the fixtures in the house or on or about the leased premises in good order and repair, keep the front porch, walk, steps and yard free from dirt and debris; and at his sole expense, shall make all required repairs to the plumbing, range, heating apparatus, and electric and gas fixtures whenever damage thereto shall have resulted from Lessee's misuse, waste, or neglect or that of his employee, family, agent or visitor. Major maintenance and repair of the leased premises not due to Lessee's misuse, waste or neglect or that of his employee, family, agent or visitor, shall be the responsibility of the Lessor or his assignor. Lessee shall keep the premises mowed as needed.

SECTION XII

Lessor (and his agents) shall have the right to enter the premises, regardless of whether the Lessee or a member of his family is present, at all reasonable time for the purpose of inspecting and/or repairing and/or maintaining the premises and/or showing the property for purposes of sale or rental. Additionally, Lessor may cause to be removed from the property any abandoned or inoperable vehicles, at any time, at Lessee(s) sole expense and risk.

SECTION XIII

During the last thirty (30) days of this Lease or in the event any default occurs under this lease, Lessor (or his agent) shall have the privilege of displaying "For Rent" or "Vacancy" signs in the yard in front of the premises.

Lessee may not place a sign of any nature in said front yard. However, Lessor reserves the right to place any sign of his choosing, not restricted to above, in said front yard, at any time.

SECTION XIV

This Lease and Lessee's leasehold interest hereunder are and shall be subject, subordinate, and inferior to any liens or encumbrances now or hereafter placed on the demised premises by Lessor, all advances made under any such liens or encumbrances, the interest payable on any such liens or encumbrances, and any and all renewals or extensions of such liens or encumbrances.

SECTION XV

Should Lessee remain in possession of the demised premises with the consent of Lessor after the natural expiration of this Lease, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all the terms and conditions hereof but shall be terminable on thirty (30) days' written notice served by either Lessor or Lessee on the other party.

SECTION XVI

At the expiration of the Lease term, Lessee shall quit and surrender the premises hereby demised in as good state and condition as they were at the commencement of this Lease, reasonable use and wear thereof and damages by the elements excepted. Up to the entire amount of the security deposit made pursuant to Section II of this Lease may be retained by Lessor to offset the expense of cleaning and restoring the leased premises on termination of the Lease. Besides generally returning the premises in a clean and sightly condition, Lessee should insure that the walls and woodwork are left clean, that the floors are swept, cleaned, and polished and vacuumed (where appropriate), that the kitchen including the refrigerator and stove are clean and that the bathroom, including its various fixtures are clean. Lessee shall be responsible for any costs of restoring premises to their original condition, normal wear and tear excepted.

SECTION XVII

If any default is made in the payment of rent, or any part thereof, at the times hereinbefore specified, or if any default is made in the performance of or compliance with any other term or condition hereof, the Lease, at the option of Lessor, shall terminate and be forfeited, and Lessor may reenter the premises and remove all persons therefrom. Lessee shall be given written notice of any default or breach, and termination and forfeiture of the Lease may not result if, within three (3) days of receipt of such notice, Lessee has corrected the default or breach or has taken action reasonably likely to effect such correction within a reasonable time.

SECTION XVIII

If at any time during the term of this Lease, Lessee abandons the demised premises or any part thereof, Lessor may, at his option, enter the demised premises and without becoming liable to Lessee for damages or for any payment of any kind whatever, and may, at his discretion, as agent for Lessee, relet the demised premises, or any part thereof, for the whole or any part of the then unexpired term, any may receive and collect all rent payable by virtue of such reletting, and, at Lessor's option, hold Lessee liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by Lessor by means of such reletting. If Lessor's right of re-entry is exercised following abandonment of the premises by Lessee, then Lessor may consider any personal property belonging to Lessee and left on the premises to also have been abandoned, in which case Lessor may dispose of all such personal property in any manner Lessor shall deem proper and is hereby relieved of any liability for doing so. Lessee agrees to pay all costs and expenses connected with the reletting of the premises following abandonment and/or breach of this agreement.

SECTION XIX

Lessor is under no obligation to purchase any insurance coverage on furnishings or personal property of Lessee. All such property in or on said premises, or in storage at any other location, shall be at Lessee's own risk and the Lessor shall not be liable to the Lessee, (or other persons) for damage arising from the building or appurtenance thereof becoming out of repair, or from the bursting, leaking or overflowing of water or sewer pipes or from any plumbing connected therewith, or from any damage caused by defective electric wiring, fire, or from the acts or neglect of any third person, or theft, or vandalism or due to the happening of an accident or an Act of God. Further, Lessee agrees to hold Lessor harmless against all damages, accidents and injuries to person or property caused by or resulting from or in connection with the building, the premises, or things,

in and about the premises during the term of this lease.

SECTION XX

The Lessee shall be liable for all reasonable attorney's fees, expenses and charges incurred in the collection of any sums, or proceedings begun or had to enforce any provision of this Lease. The reasonable attorney fee shall not be less than 1/3 of the outstanding rent and other expenses and charges related to the breach. However, Lessor at his option may retain an attorney on an hourly basis to collect sums due or enforce provisions under this lease and such hourly charges together with the other expenses and charges shall be considered a reasonable attorney fee notwithstanding the fact that the total hourly charge may exceed the sums being sought to be collected. Such 1/3 fee or hourly charge, as elected by Lessor, shall be considered a reasonable attorney fee and Lessee agrees to pay same.

SECTION XXI

Lessor shall, on receipt of a written notice from Lessee during the original lease period stating that Lessee elects to purchase the demised premises pursuant to the provisions of this lease agreement and option to purchase, convey the demised premises to Lessee subject to the following conditions:

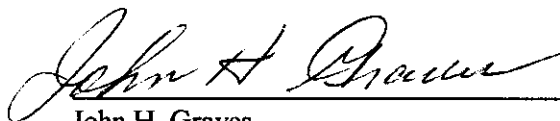
- (a) The purchase price of the demised premise will be the then-present balance of the Lessor's mortgage loan with Wells-Fargo Home Mortgage (Loan # 7913406);
- (b) Lessee pays all closing costs to effectuate a legal transfer of the demised premises; and
- (c) Lessor has agreed in writing to extend the option to purchase beyond the original term of this agreement if the option is not exercised within the original term of this agreement. The burden is placed upon Lessee to prove the extension of the option to purchase beyond the term of the original agreement.

SECTION XXII

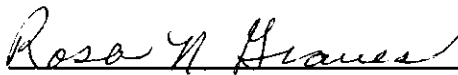
The covenants and conditions herein contained shall apply to and bind the heirs, legal representatives and assigns of the parties hereto, and all covenants are to be construed as conditions of this Lease. It is agreed that no waiver of a breach of any of the terms or covenants of this lease shall be considered to be a waiver of any succeeding breach of the same of any other covenant.

This document represents the final expression and agreement of the parties and no other prior agreements or understandings are to be given any legal effect. If any clause, or any part of any clause, shall be found to be invalid, it shall be considered severed from this Agreement and the remainder of this Agreement shall be given full effect. Reference herein to "his" also may refer to "her" or "their" as the context may require; any reference to "lessor" and "lessee" may also refer to "lessors" or "lessees" (plural) as the context may require.

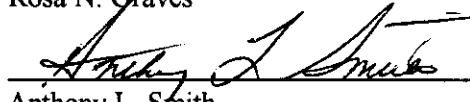
WITNESS our signature on the day and date first above written.



John H. Graves



Rosa N. Graves



Anthony L. Smith



Theresa G. Smith

Tennessee
State of ~~Mississippi~~
County of ~~DeSoto~~ Shelby

23rd Personally appeared before me, the undersigned authority in and for the said county and state, on this day of February, 2001, within my jurisdiction, the within named John H. Graves, who acknowledged that he/she/they executed the above and foregoing instrument.

My commission expires:
~~MY COMMISSION EXPIRES~~ JULY 29, 2003

Theresa Wilson
Notary Public

State of Mississippi
County of DeSoto

23rd Personally appeared before me, the undersigned authority in and for the said county and state, on this day of February, 2001, within my jurisdiction, the within named Rosa N. Graves, who acknowledged that he/she/they executed the above and foregoing instrument.

My commission expires:
~~MY COMMISSION EXPIRES~~ JULY 29, 2003

Theresa Wilson
Notary Public

State of Mississippi
County of DeSoto

24th Personally appeared before me, the undersigned authority in and for the said county and state, on this day of February, 2001, within my jurisdiction, the within named Anthony L. Smith, who acknowledged that he/she/they executed the above and foregoing instrument.

My commission expires:

9-29-01

[Signature]
Notary Public

State of Mississippi
County of DeSoto

22nd Personally appeared before me, the undersigned authority in and for the said county and state, on this day of February, 2001, within my jurisdiction, the within named Theresa G. Smith, who acknowledged that he/she/they executed the above and foregoing instrument.

My commission expires:

MY COMMISSION EXPIRES DEC. 7, 2004

Sara E. Luster
Notary Public